



Fine-Tuning Your Financial Philosophy

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Philosophy is for everyone

Philosophy is not just something for ascetic monks and studious professors. Everyone has a philosophy that guides their life and serves their interests. How well it serves those interests varies from person to person, as does the philosophy itself. Nonetheless, a good philosophy serves the interests of the individual well and a poor one does not. It is important, therefore, to develop a good philosophy that serves your interests well.

Your philosophy makes you tick

Your financial philosophy consists of all of the ideas, insights, aspirations, and practices that guide your financial behavior and shape your financial future. In fact, you have been developing this philosophy throughout your life. It is what makes you tick financially. It is what motivates your behavior, shapes your choices, and helps determine your success. With all this at stake, perhaps it would be good to spend some time defining your financial philosophy and fine tuning it to serve your needs.

Comparisons help define philosophy

Philosophy is usually embodied in a set of principles that provide a more or less consistent point of view. Here are some of the principles that have shaped this column over the years. I hope you will be able to use these principles in defining your financial philosophy, either in terms of similarities or differences with them or, even more importantly, in terms of your own unique additions to them.

Know what you truly value. Knowing what you truly value can help you direct your resources so that you waste less of what you have and get more of what you want.

Make the most of your income. All of us think that more income would solve most of our monetary problems. But it won't—we can never have enough to satisfy all of our wants. Making the most of what we have is what we must do if we are to do our best.



Use simple methods to manage. If your management methods are too complex, you won't maintain them for very long. You will lose interest and all value will be lost. Keeping your methods simple but effective is the best way to proceed.

Pay attention to what you're doing. The best way to stay on top of things is to pay attention and take action as needed. Having your head in the sand is no way to keep your bills from piling up—and burying the rest of you as well.

Take care of first things first. If you need a new tire, buy it now before the old one bursts, leaving you stranded and in need of costly roadside assistance. It is still true that a stitch in time saves 9, or maybe 109.

Build slowly and long-term. Whether buying, saving, or investing, remember that the tortoise always beats the hare. Fast starts usually end in quick finishes, especially when it comes to building a solid financial future. Make your choices based on long-term gains, not quick results.

Don't give in to frivolous extravagances. One requirement of building slowly and long-term is that you not throw away valuable opportunities. Opportunities to do the right thing must take precedence over frivolous extravagances that will divert substantial financial resources, energies, and resolve.

Enjoy what you have. It is so much more important to enjoy what you have most of the time rather than to constantly look for something new to buy. If you are always looking for something new to make you happy, you will be looking forever and probably never find it.

Beware of financial advice. Anyone who has a secret to sell, an opportunity to share, or recommendations to make should be treated with care and concern. It is not that some advice can't be helpful. It is just that most advice tends to be more helpful to the giver than the receiver. You must develop your own good advice, but you can do so with the help of others.